Inclusion and exclusion error in provision of subsidies

82. SHRI EKANATH K. THAKUR: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware that the subsidies provided in India suffer from both inclusion error and exclusion error; and

(b) whether it is a fact that in case of food subsidy, Government provides price support to only farmers of wheat and rice at a time when consumption pattern is moving away from foodgrains?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes, Sir. The Report on Central Government Subsidies in India, presented to parliament on December 23, 2004, mentions that despite targeting food subsidies to the poor, since 1997, through Targeted Public Distribution System, there are inclusion and exclusion errors.

(b) Provision of food subsidy made by the Department of Food & Public Distribution, basically includes food subsidy paid to the Food Corporation of India for reimbursement of the difference between economic cost of foodgrains and their issue price and carrying cost of buffer stocks, apart from the subsidy paid on account of levy sugar and import of sugar. However, the Government announces Minimum Support Price for 24 major crops including paddy, wheat, jowar, bajra, maize, ragi, pulses, oilseeds, copra, cotton, jute, sugar cane and tobacco.

Lending by banks to farmers

83. SHRI EKANATH K. THAKUR: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the RBI has asked all bank to increasingly lend directly to farmers and other priority sector borrowers; and

(b) whether it is also a fact that in the light of these instructions by the RBI, the investment which have already been made/to be made by banks upto March 31, 2005, in the special bonds issued by specified institutions(except NABARD) will not be eligible for classification under priority sector lending with effect from April 1,2006 and the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) With a view to rationalizing bank's